

Message Text

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ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-02 NSC-05 SS-15

STR-04 CEA-01 IGA-02 /085 R

DRAFTED BY :B/IFD/OMA: B G CROWE TREASURY: D WOLKOW

APPROVED BY EB/IFD/OMA: R RYAN

NEA/IRN: R BEALES

L/NEA: J ROHWER (INFO)

L/EB: G ROSEN (INFO)

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R 280059Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

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E.O. 11652: GDS

TAGS: EFIN, IR

SUBJECT: LEND-LEASE SURPLUS PROPERTY DEBT

REF: TEHRAN 8968

1. WHILE INFO PARA 2 PROVIDES INFORMATION IN RESPONSE TO EMBASSY'S QUERY REGARDING PARTIAL PAYMENT PROCEDURES, WE BELIEVE (IN VIEW CONTINUING CONGRESSIONAL INTEREST) EMBASSY SHOULD CONTINUE TO GIVE PRIORITY ATTENTION TO URGING THE GOI TO SETTLE THE DEBT IN FULL AT THE EARLIEST OPPORTUNITY.

2. THE FOLLOWING INFORMATION IS PROVIDED IN RESPONSE TO REFTEL'S QUERY REGARDING PARTIAL PAYMENT PROCEDURES. YOU SHOULD PROVIDE IT TO THE GOI ONLY ON REQUEST. IN ANY DISCUSSIONS ON PARTIAL PAYMENT, YOU SHOULD BE CAREFUL NOT TO GIVE GOI IMPRESSION THAT PARTIAL PAYMENT SATISFIES USG.

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WE WOULD NOT WANT ATTENTION ON PARTIAL PAYMENT TO DETRACT

FROM PRIMARY OBJECTIVE OF FULL SETTLEMENT.

A) NORMAL U.S. ACCOUNTING PROCEDURE (U.S. RULE, 47 C.J.S. INTEREST 66 (1946)) CALLS FOR PAYMENTS TO BE APPLIED FIRST TO INTEREST, UNLESS AGREEMENT SPECIFIES OTHERWISE. IN THIS CASE, THE AGREEMENTS SPECIFY NO OTHER PROCEDURE. THE U.S. RULE IS THE NORMAL PRACTICE OF GAO, AID AND TREASURY. WE SEE NO REASON TO DEVIATE FROM THIS PRACTICE.

B) GOI HAS THE RIGHT TO DESIGNATE THE ACCOUNT(S) AGAINST WHICH A PAYMENT IS TO BE APPLIED BUT NOT THE DISTRIBUTION OF SAID PAYMENT AS TO PRINCIPAL AND INTEREST.

C) THERE ARE ONLY TWO SURPLUS PROPERTY ACCOUNTS WHICH REMAIN OUTSTANDING FOR GOI. IF GOI WANTS ITS NEXT PAYMENT TO BE APPLIED ENTIRELY AGAINST PRINCIPAL, THEN GOI SHOULD INDICATE THAT AMOUNT IS IN PAYMENT OF THE DECEMBER 12, 1945 AGREEMENT WHICH IS NON-INTEREST BEARING WITH AN OUTSTANDING PRINCIPLE BALANCE OF \$1,907,213.98. HOWEVER, ANY PAYMENT DESIGNATED TO BE APPLIED AGAINST THE JULY 29, 1948 AGREEMENT WILL BE APPLIED AGAINST ACCRUED INTEREST OF \$11,777,445.16 FIRST, THEN AGAINST THE PRINCIPAL BALANCE OF \$21,389,845.47. ALL OF THE ABOVE MENTIONED BALANCES ARE AS OF JUNE 30, 1976.

D) WITHOUT ANY DESIGNATION AS TO THE APPLICATION OF THE \$1.8 MILLION PARTIAL PAYMENT MADE BY GOI IN LATE 1975, IT WAS DECIDED TO CLOSE OUT TWO SMALLER NON-INTEREST BEARING ACCOUNTS WITH OUTSTANDING PRINCIPAL BALANCES OF \$48,140.64 AND \$90,000. THE BALANCE OF \$1,668,366.96 WAS APPLIED AGAINST THE ACCRUED INTEREST DUE ON THE SURPLUS PROPERTY AGREEMENT OF JULY 29, 1948.

E) STATEMENT OF AMOUNTS DUE ON GOI ACCOUNTS AS OF JANUARY 1, 1976 IS BEING POUCHED.

3. WOULD APPRECIATE YOUR VIEWS AS TO WHETHER A LETTER TO ANSARY FROM APPROPRIATE HIGH OFFICIAL WOULD ASSIST YOUR EFFORTS AT FULL COLLECTION. KISSINGER

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